

Did you know...?



- ◆ Schools may provide **computer-assisted entrance counseling** as an alternative to in-person counseling sessions, provided that the following conditions are met:
 - ◇ An individual with knowledge of Title IV student financial assistance programs (including the Direct Loan Program) must be readily available to answer questions within a reasonably short period of time—the same day or the next day—after a borrower has completed the counseling program. Schools may allow borrowers to submit questions by e-mail or telephone.
 - ◇ A borrower must not be able to circumvent or exit the counseling program before the session has been completed.
 - ◇ Before disbursing any loan proceeds, the school must be able to document that a borrower has completed the entrance counseling session.
 - ◇ The information given to a borrower during the counseling session must meet the applicable regulatory requirements.

In addition, schools that offer computer-assisted entrance counseling are encouraged to provide borrowers with written materials as a supplement to the counseling session.

- ◆ The **date of loan origination** (comparable to the loan certification date in FFEL) is the date a school completes the process/originate function in EDEExpress, or the equivalent function if a school uses its own software. (The date of loan origination is *not* the same as the loan origination record “creation date” generated by EDEExpress after borrower/student data items have been entered.) It is no longer necessary to transmit a loan origination record to the Loan Origination Center in order for a Direct Loan to be considered originated—the date of loan origination is recorded in the EDEExpress software.
- ◆ A borrower may sign a **Direct Loan promissory note** after the loan period has ended. However, the school must (1) originate the loan while the borrower is enrolled and eligible, (2) have a signed promissory note prior to disbursing funds, and (3) make any late disbursement within 90 days after the end of the loan period.
- ◆ A **late disbursement** of a Direct Loan may be made up to 90 days after the date that a student ceases to be enrolled at least half-time. Changes to the cash management regulations that went into effect July 1, 1997, eliminated the requirement to document exceptional circumstances for late disbursements made more than 60 days after the end of the loan period, or after a student ceased at least half-time enrollment.
- ◆ If a student **temporarily ceases to be enrolled at least half-time** before receiving one or more disbursements of a Direct Loan, but later returns to at least half-time enrollment status during the original loan period, a school may make disbursements based on the original loan record as long as the temporary cessation of at least half-time enrollment was for *less than an entire payment period*. (Disbursement amounts may need to be adjusted in some cases if the temporary cessation of at least half-time enrollment caused a reduction in the student’s cost of attendance.)

If a student temporarily ceases to be enrolled at least half-time for *an entire payment period or longer*, the school must originate a new loan for the remainder of the loan period when the student resumes at least half-time enrollment. The late disbursement regulations apply to any disbursements of the original loan that were pending at the time the student's enrollment status dropped below half-time. Disbursements of the original loan that cannot be made under the late disbursement regulations must be cancelled.

- ◆ A school may not impose **late fees** or other penalties on students who are unable to meet their financial obligations to the school because of a delay in the disbursement of Direct Loan funds that is required by regulations, or because of a disbursement delay caused by the school.
- ◆ A school may not have a policy that prohibits otherwise eligible dependent undergraduates from receiving **“additional” unsubsidized loan funds** if their parents are determined to be ineligible for Direct PLUS Loans. Both the Higher Education Act of 1965, as amended, and the Direct Loan Program regulations provide that dependent students whose parents are ineligible for Direct PLUS Loans may borrow additional Direct Unsubsidized amounts at the higher annual loan limits normally available only to independent undergraduates.

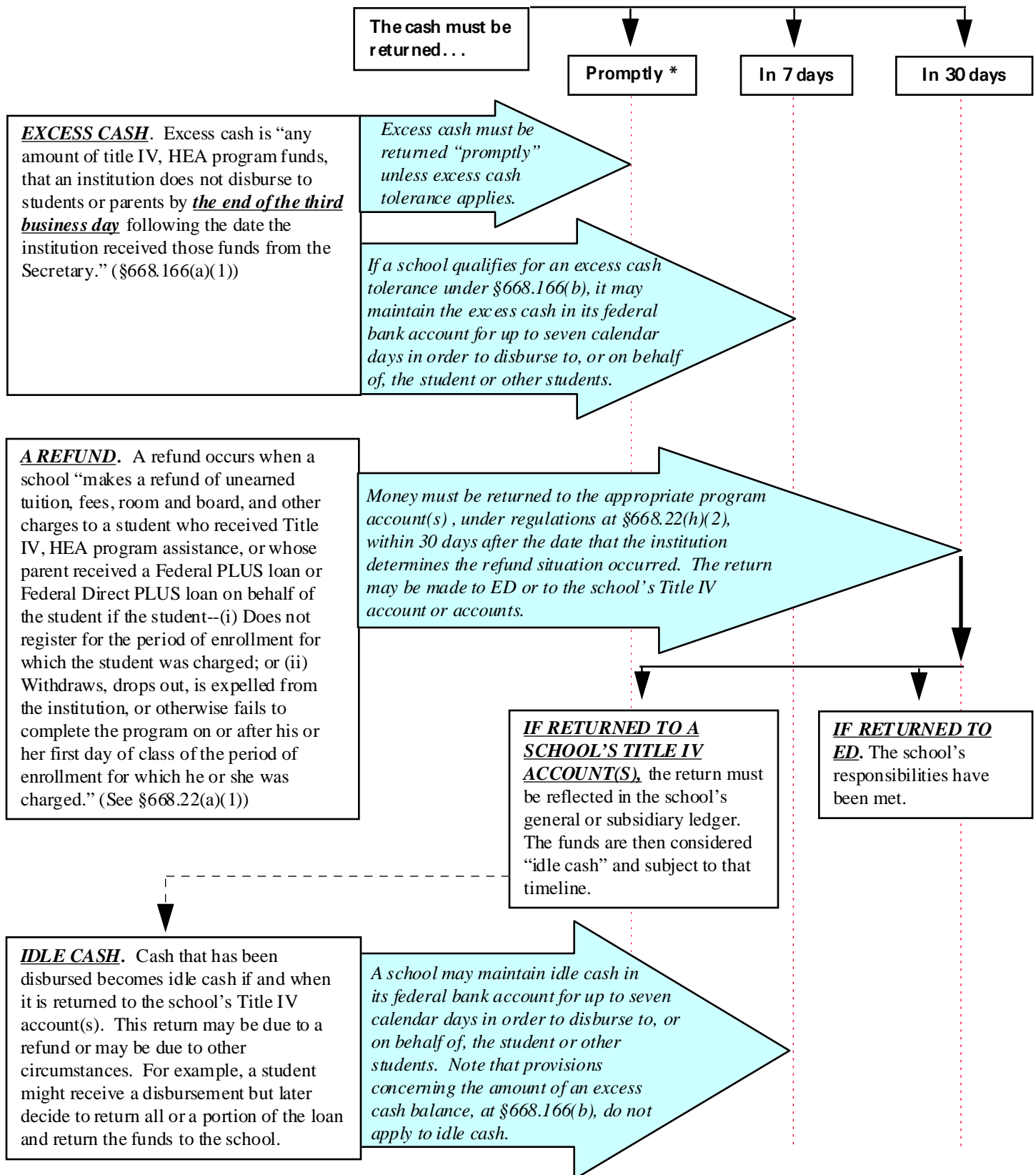
A school may, however, refuse to originate a Direct Loan or reduce a borrower's determination of need for the loan if the school—

- ◇ documents the reason for the action and provides it to the student in writing,
- ◇ makes the determination on a case-by-case basis,
- ◇ retains documentation that supports the determination in the student's file, and

does not engage in any pattern or practice that denies access to Direct Loans because of a borrower's race, gender, color, religion, national origin, age, disability status, or income.

Direct Loan Program Cash Return Timelines

(Note that guidance below generally applies to Pell, Direct Loan, FSEOG, Perkins, and FWS funds. FFEL timelines for disbursing funds are slightly different, and are described at §668.167.)



* A “prompt” return of excess cash is a return that is made in a timely manner. The timetable for returning cash “promptly” may vary slightly from school to school, but a school is generally expected to return the excess cash within two or three days.